



IRS Tuition Statement 1098T Processes for Tax Year 2021 Detailed Instructions

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Introduction

The IRS Tuition Statement 1098T application allows you to produce an extract of student payment information and a 1098T print file. Once you have produced this data, you can allow students to view their course and payment information for 2021 by using an IRS Tuition Statement web page or by printing and mailing 1098T statements to students. This application consists of two principle steps:

1. Creating the extract files
2. Providing class and payment information to students

Creating the Extract Files

This section describes how the process for creating the extract files works.

After you create the extract files, you then need to provide a way for students to access the information in them (see the section “Providing Class and Payment Information to Students”).

1. Schedule the job [IRS Tuition Statement Extract \(BM1745J\)](#).
This job extracts student payment information and creates the IRS Tuition Statement Extract file. All amounts paid by students are validated to determine whether they qualify for the IRS Tuition Statement.
2. Schedule the job [IRS Tuition Statement 1098T Extract \(BM1747J\)](#).
This job creates (and optionally transmits) a 1098T print file from data contained in the IRS Tuition Statement 1098T Extract file produced by BM1745J. Students with no qualifying amounts are excluded from the print file.

Note: BM1745J **must** complete before you run BM1747J.

If you want to test how different parameters affect the extract files, you can run these jobs multiple times using different parameters. For each subsequent run of BM1745J, the resulting file overwrites the existing file. You must run job BM1747J in "preliminary mode" while you are testing. Do not run BM1747J in "final mode" until your last run.

Each time you test the jobs, you may want to use the Maintain Parameter Defaults option on the Job Scheduling menu. This option sets the parameters to default, so when you run the jobs for the final time, data entry errors are minimized. For college districts, these processes should run in the college accounts, not the district account.

To check the data in the resulting BM1745J extract file, use either of the following two cataloged [DataExpress procedures](#) (located in the PLIB Account, Inform Group):

- **Payment vs. Qualification Details for IRS Tuition Statement (BM1745RE)** displays all students who are eligible for the IRS Tuition Statement according to the parameters you use. The file lists the students, qualifying and non-qualifying payment amounts, and an explanatory comment for each non-qualifying payment amount.
- **Ineligible IRS Tuition Statement Students (BM1745RI)** displays all students ineligible for the IRS Tuition Statement according to the parameters you use. The file lists students identified as non-reportable and provides explanatory comments.

Understanding the IRS Tuition Statement Extract (BM1745J)

The job BM1745J creates the IRS Tuition Statement Extract file by extracting student payment information. All tuition and fees paid by students are validated to determine whether they qualify for the IRS Tuition Statement, a non-refundable credit that can be taken against federal income taxes. Students are flagged if they meet any criteria for exclusion, as defined by the parameters you choose when scheduling this job. Then, when you run the IRS Tuition Statement 1098T Extract (BM1747J), students whose records are flagged will not be included in the group of students to receive the 1098T form.

For job BM1745J, students and their payments are processed using the following logic:

1. The process uses the year you enter for parameter BM1745-YEAR to limit the students and payments included in BM1745J. You enter the year as a two-digit number. To enter 2021, for example, you would use **21**.

IRS criteria determines the terms within the year you entered. Any term that begins within the year identified or within the first three months of the following year is eligible. For most colleges, the terms include Winter 2021, Spring 2021, Summer 2021, and Fall

2021. Some colleges may also include Spring 2022 (if the Spring quarter started prior to April 1, 2022). However, students are included in the extract only if they paid for the Spring 2022 term by December 31, 2021.

2. For each student enrolled in at least one of the terms identified in the process, the following steps are performed for each term:
 - a. The student's payments are extracted from Customer Accounts.
 - NONREFUND amounts are ignored.
 - Fee calculation waivers are ignored.
 - For payments (loans or work-study amounts, as identified in Award Master with a type of GS, LN, or WK) made by a financial aid program are considered paid by cash and are therefore included in qualifying amounts and do not need to be specified in the BM-1745-INCL-FAPC parameter.
 - b. Where possible, individual charges are attributed to the specific class that generated them. The process calculates this amount by totaling the tuition for 9x fee pay statuses and the class fees for all classes. If the total matches what the student paid, the fees display next to the associated class. If the total does not match what the student paid, the charge is included in the general display.
 - c. Each charge is compared to your entries for BM1745J parameters:
 - BM1745-FCLASSES identifies the fee classes you want to include in the process. When scheduling BM1745J, use this parameter to select the majority of your fee codes. Fee classes are used to group similar fee codes.
 - BM1745-FCODES identifies the fee codes you want to include in the process. Use this parameter to add individual fee codes when you do not want to include all fee codes with the same fee class.
 - BM1745-FC-NRPTD identifies the fee code or codes that you want to exclude from a specific fee class in the BM1745-FCLASSES parameter.
 - d. If a charge qualifies based on fee class or fee code (as described in step c), it is further verified and excluded (in full or in part) if the charge:
 - Was paid by a sponsor other than a qualifying sponsor.
 - Was waived by using a non-awarded waiver FAPC at the cashier.
 - Was paid prior to the start of the year selected.
 - Was paid after the end of the year selected.
 - e. Any financial aid (other than those handled in step a) is totaled and the qualifying charges are excluded or reduced by the amount of financial aid the student received. Only financial aid that is appropriate (based on the fee classes and fee codes identified in step c) for the qualifying charges is considered.

For example, charges for meals are not eligible for the IRS Tuition Statement credit. If a financial aid program covers meals only, the program is not considered. You can use parameter BM1745-INCL-FAPC to identify FAPCs you want to include in the qualifying amount. If you do not have an FAPC you want to include in the qualifying amount, you can leave this parameter blank.

- f. Any qualifying 3rd-party sponsorships that are selected are totaled and the qualifying charges (based on the fee classes and fee codes identified in step c)

are included.

If you use 3rd-party sponsorships that are eligible for the IRS Tuition Statement—for example, Guaranteed Education Tuition (GET), Emergency Student Loans (ESL), Student Tuition Easy Payment Plan (STEPP) or Nelnet Payments—you would use the parameter BM1745-OTHER.

Note: The BM1745-OTHER parameter will allow you to enter up to six 3rd-party sponsorships per line. To enter the parameter, type the name of the 3rd-Party Sponsorship ID followed by a comma, for example: **GET, ESL, STEPP, NELNET**

- g. The student records are then verified. A student's record is flagged as non-reportable and his or her charges marked as ineligible if:
- The student's identification number (SID) matches the college-defined exclusions in parameter BM1745-EXCL-SID, which identifies the college-assigned SID.
 - The student's fee pay status matches the college-defined exclusions in parameter BM1745-EXCL-FPS, which identifies the fee pay statuses you want to exclude in the process.
 - The student has an unusual action code that matches the college-defined exclusions in parameter BM1745-EXCL-UA, which identifies the unusual action codes you want to exclude in the process.

If students are not enrolled at least half-time in one or more of the terms reported, the students and their payments are reported but the students are ineligible for the IRS Tuition Statement.

- For **both community and technology colleges**, students must be enrolled at least half-time (six or more credits) as of the census date of the class (the 30th day after the start of the class). Classes added after the census date are not included, but classes dropped after the census date are included.

Understanding the IRS Tuition Statement 1098T Extract (BM1747J)

The file of data created with BM1747J is the basis of the IRS Tuition Statement 1098T Extract. The 1098T Extract is used to print IRS Form 1098T (Tuition Payments Statement). The final run date for BM1747J (1098T Extract) is **January 06, 2021**.

For job BM1747J, the information is processed using the following logic:

1. The process uses the extract file from BM1745J to determine which students to report:
 - Students marked as non-reportable or ineligible are ignored in this process.
 - If a student address does not include city, state, and/or zip, the student is reported, but a 1098T will not be printed.
2. The process then collects the following information to be printed on the 1098T form:
 - **Box 2 text.** If you want to use this box, use parameters BM1747-BOX2-LN1 and BM1747-BOX2-LN2 to define the text. You can define 15 characters of text for each parameter line. Typically, this box is used to refer students to the IRS Tuition Statement web page identified by the BM1747-WEB-URL parameter. If

you do not plan to use the IRS Tuition Statement web page, you can use this box for other information.

- **College and return address.** If you want an address printed on the form different from the address listed under your college code, you can use parameter BM1747-LOC-CD to identify a different location code. Only the last two non-blank address lines from the Location Code Table are used with the return address.
- **College contact number.** You must enter an area code, prefix, and suffix for the phone number you want students to call if they have questions regarding the IRS Tuition Statement. This is entered in any format in parameter BM1747-PHONE.
- **Web page address.** If you plan to implement the SBCTC-ITD IRS Tuition Statement web page to present student class and payment information, you must enter the URL for the web page in parameter BM1747-WEB-URL. If you do not plan to use this web page, you can use this parameter to display any message you want, within a maximum of 50 characters.

Using DataExpress to List Extracted Students

You can also run the cataloged DataExpress procedure [Students Receiving the IRS Tuition Statement \(BM1747R\)](#) to list student records that were extracted with job BM1747J. This report includes student names, addresses, identification numbers, and balance amounts.

Providing Class and Payment Information to Students

This section describes ways you can provide the class and payment information that was extracted to your students. You can provide this information to students:

- by implementing the IRS Tuition Statement web page
- by distributing 1098T statements created with a DataExpress procedure
- by using both methods
- Before you act on information provided in this section, make sure you have already created the extract files (see the section “Creating the Extract Files”).

Modifying the IRS Tuition Statement Web Page

The IRS Tuition Statement web application allows students to view class and payment information (in summary and detail) for all terms within the year processed. This information is provided for the 1098T IRS Tuition Statement and Lifetime Learning tax credit.

In previous years, SBCTC-IT staff provided an updated waci301.html page through an InstallShield application downloaded from the SBCTC website. This year, we ask that you simply change the year from **2020** to **2021** in the following paragraph in the waci301.html page on your web server:

*“The following information is provided to help you determine whether the tuition and fees you have paid qualify for higher education tax credits for the **2021** tax year. Every effort*

has been made to correctly select the amounts that apply for the tax credits. However, you may want to consult with a tax advisor to ensure the courses and payments identified comply with IRS requirements.”

Note: It is recommended that you not make the IRS Tuition Statement web application available to your students until after you complete the final run of the IRS Tuition Statement 1098T Extract (BM1747J). The date for the final run is January 06, 2022.

Using DataExpress and Microsoft Access to Print 1098T Statements

You can also use the DataExpress [procedure Payment vs. Qualification Details for IRS Tuition Statement \(BM1745RE\)](#) to download the extract of students eligible for the IRS Tuition Statement to a Microsoft Access database. You can then print 1098T statements that contain the same class and payment information that is displayed in the IRS Tuition Statement application. For complete information, see the document **Printing a 1098T Information Statement from MS Access** and then download the **MS Access database** (IRS_1098T.mdb). Using the **IRS_1098T.mdb** Access database, you can create and print statements that you can either mail or distribute to your students.

Contacting SBCTC-ITD

If you have questions, contact SBCTC-ITD Customer Support by email at support@sbctc.edu .